Global Partnership for Financial Inclusion

G20 National Remittance Plan - Norway

G20 GERMANY 2017 HAMBURG

COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS NORWAY

Background

In a well-functioning payment system, money transfers are conducted securely, in a timely manner and at the lowest possible cost to society. Norway is charachterised by a competitive and efficient payment services market. The system is generally stable and secure to use. Norway has experienced a sharp increase in payments over the internet and in the use of mobile payment solutions. Remittance services providers are regulated by the Financial Undertakings Act of 10 April 2015, and the Financial Contracts Act. There are now several providers, obliged to report according to EU directives. There are also international providers who offer remittance in Norway. Many of these are acting as agents.

Data from Norway`s central bank (Norges Bank) indicate that the fees charged for remittance transfers are quite low. The cost of sending remittances from Norway was 5,9 percent of the amount transferred (January 2019). This number concerns prices for remittances provided by non-bank financial institutions and payment institutions.[1]

Call to Action on Remittances

N/A

2017 Country plan for reducing remittance transfer costs

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

Potential actions include, where appropriate:

- Remittances are provided in the Norwegian market by both banks and remittance services providers. Only licensed institutions are allowed to offer remittance services in Norway. The Financial Supervisory Authority of Norway (Finanstilsynet) is primarily responsible for supervising institutions in the financial system to ensure that they comply with the applicable legislation. Remittance services providers are subject to the requirements of the anti-money laundering legislation and consumer protection rules.

[1] https://static.norges-bank.no/contentassets/4716368f47354bd8a3a0c392a4dd59b6/nb_papers_1_19.pdf?v=05/22/2019111121&ft=.pdf

- To reduce the money laundering risk and terrorist financing risk, it is important to make a proper and adequate assessment, also when licensing or registering remittance service providers acting as agents.

- The revised Payment Services Directive (PSD2) entered into force in the EU in 2018 and in Norway on 1 April 2019, but it will take some time for PSD2 to be fully implemented while secondary legislation is being put into place. The primary purpose of PSD2, together with the EU regulation on interchange fees and the single euro payments area (SEPA) regulation, is to promote low-cost, modern and efficient payment services and to protect customers.

2. IMPROVE FINANCIAL SYSTEM INFRASTRUCTURE AND PURSUE POLICIES CONDUCIVE TO HARNESSING EMERGING TECHNOLOGIES.

Potential actions include, where appropriate:

- New technology has enabled the financial industry to provide new services. New technology and new rules facilitate for operators other than banks to provide payment services. Payments in Norway are increasingly being made using mobile technology. The combination of new technology and new operators could lead to consumers being offered cheaper, more secure and more user-friendly payment services. The introduction of new services, either via known platforms or new channels, may serve to increase risk. Undertakings need to ensure that innovations are not detrimental to security.

- PSD2 ensures that the price of a service cannot be set higher than its cost, and contains rules for passing on costs to payers. The Ministry of Finance has laid down regulations relating to interchange fees for card-based payment transactions, implementing rules corresponding to the EU regulation on interchange fees. The regulation is included in a Joint Committee Decision; entry into force of the Decision is pending. The regulation imposes limits on card schemes` fees, which could lead to lower costs for using cards covered by the regulation.

- To open a bank account in Norway, it is necessary to provide proof of identity, subject to AML/CFT requirements. Norwegian law allows for the use of electronic identity to prove the prospective customer's identity. The electronic ID solution must satisfy requirements pertaining to *inter alia* initial ID verification and security.

Since autumn 2016, the banking industry and Norges Bank have worked together to improve the real-time payments infrastructure in Norway. The improved infrastructure is set to go live by the end of 2019.[2]

3. DISCOURAGE TAXES ON MIGRANT REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- GPFI members will work together to assess and discourage situations where taxes on cross-border migrant remittance transfers may erode the development benefits of remittance flows — with a particular focus on taxes on low-value transfers to low-income populations.

4. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- It should be easy for the customer to compare prices and quality when choosing a payment service. Norway launched, more than ten years ago, a price comparison website for remittances, which is accessible for free for the public. It has been established to provide consumers with good and comparable information. Such a service improves transparency in the payment market, and makes it easier for consumers to make good decisions on their choice of provider.
- The Norwegian government wishes to further strengthen consumer protection. The Financial Contracts Act is currently under revision.[3]

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[2] https://static.norges-bank.no/contentassets/8c65f4c19bcb49be9e49985629b41968/financial_infrastructure2019.pdf?v=05/23/2019160249&ft=.pdf

[3] The Ministry of Justice and Public Security's proposed amendments to the Financial Contracts Act have been circulated for consultation.